

106TH CONGRESS  
1ST SESSION

# S. 1370

To amend the Internal Revenue Code of 1986 to extend the time for payment of the estate tax on certain timber stands.

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IN THE SENATE OF THE UNITED STATES

JULY 14, 1999

Mr. SHELBY introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to extend the time for payment of the estate tax on certain timber stands.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. EXTENSION OF TIME FOR PAYMENT OF ESTATE**

4 **TAX ON CERTAIN TIMBER STANDS.**

5 (a) IN GENERAL.—Subchapter B of chapter 62 of the  
6 Internal Revenue Code of 1986 (relating to extensions of  
7 time for payment) is amended by adding at the end the  
8 following:

1 **“SEC. 6168. EXTENSION OF TIME FOR PAYMENT OF ESTATE**  
2 **TAX ON CERTAIN TIMBER STANDS.**

3 “(a) IN GENERAL.—In the case of an interest in a  
4 qualified timber property which is included in determining  
5 the gross estate of a decedent who was (at the date of  
6 his death) a citizen or resident of the United States, the  
7 executor may elect to pay part or all of the tax imposed  
8 by section 2001 on or before the date which is the earliest  
9 of—

10 “(1) the date the property is no longer qualified  
11 timber property,

12 “(2) the date the individual who inherited the  
13 interest in the qualified timber property either trans-  
14 fers the interest or dies, or

15 “(3) the date which is 25 years after the date  
16 of death of the decedent.

17 “(b) LIMITATION.—The maximum amount of tax  
18 which may be paid under this subsection shall be an  
19 amount which bears the same ratio to the tax imposed  
20 by section 2001 (reduced by the credits against such tax)  
21 as—

22 “(1) the fair market value of the interest in the  
23 qualified timber property, bears to

24 “(2) the adjusted gross estate of the decedent.

25 “(c) DEFINITIONS AND SPECIAL RULES.—For pur-  
26 poses of this section—

1 “(1) QUALIFIED TIMBER PROPERTY.—The term  
 2 ‘qualified timber property’ means trees and any real  
 3 property on which such trees are growing which is—

4 “(A) located in the United States, and

5 “(B) used in timber operations (as defined  
 6 in section 2032A(e)(13)(C)).

7 “(2) ADJUSTED GROSS ESTATE.—The term,  
 8 ‘adjusted gross estate’ means the value of the gross  
 9 estate reduced by the sum of the amounts allowable  
 10 as a deduction under section 2053 or 2054. Such  
 11 sum shall be determined on the basis of the facts  
 12 and circumstances in existence on the date (includ-  
 13 ing extensions) for filing the return of tax imposed  
 14 by section 2001 (or, if earlier, the date on which  
 15 such return is filed).

16 “(3) CERTAIN TRANSFERS AT DEATH OF HEIR  
 17 DISREGARDED.—Subsection (a)(2) shall not apply to  
 18 any transfer by reason of death so long as such  
 19 transfer is to a member of the family (within the  
 20 meaning of section 267(c)(4)) of the transferor in  
 21 such transfer.

22 “(d) ELECTION.—Any election under subsection (a)  
 23 shall be made not later than the time prescribed by section  
 24 6075(a) for filing the return of tax imposed by section  
 25 2001 (including extensions thereof), and shall be made in

1 such manner as the Secretary shall by regulations pre-  
2 scribe. If an election under subsection (a) is made, the  
3 provisions of this subtitle shall apply as though the Sec-  
4 retary were extending the time for payment of the tax.

5 “(e) TIME FOR PAYMENT OF INTEREST.—If the time  
6 for payment of any amount of tax has been extended  
7 under this section, interest payable under section 6601 on  
8 any unpaid portion of such amount shall be paid at the  
9 time of the payment of the tax.

10 “(f) SPECIAL RULE FOR CERTAIN DIRECT SKIPS.—  
11 To the extent that an interest in a qualified timber prop-  
12 erty is the subject of a direct skip (within the meaning  
13 of section 2612(c)) occurring at the same time as and as  
14 a result of the decedent’s death, then for purposes of this  
15 section any tax imposed by section 2601 on the transfer  
16 of such interest shall be treated as if it were additional  
17 tax imposed by section 2001.

18 “(g) REGULATIONS.—The Secretary shall prescribe  
19 such regulations as may be necessary to the application  
20 of this section.

21 “(h) CROSS REFERENCES.—

22 “(1) SECURITY.—For authority of the Sec-  
23 retary to require security in the case of an extension  
24 under this section, see section 6165.

1           “(2) LIEN.—For special lien (in lieu of bond)  
2           in the case of an extension under this section, see  
3           section 6324A.

4           “(3) PERIOD OF LIMITATION.—For extension of  
5           the period of limitation in the case of an extension  
6           under this section, see section 6503(d).

7           “(4) INTEREST.—For provisions relating to in-  
8           terest on tax payable under this section, see sub-  
9           section (j) of section 6601.”.

10          (b) CONFORMING AMENDMENTS.—

11           (1) Section 163(k) of the Internal Revenue  
12           Code of 1986 is amended by striking “6166” in the  
13           heading and the text and inserting “6166 or 6168”.

14           (2) Section 2053(c)(1)(D) of such Code is  
15           amended—

16                   (A) by striking “6166” and inserting  
17                   “6166 or 6168”, and

18                   (B) by striking “6166” in the heading and  
19                   inserting “6166 OR 6168”.

20           (3) The following provisions of such Code are  
21           amended by striking “or 6166” each place it ap-  
22           pears and inserting “6166, or 6168”:

23                   (A) Section 2056A(b)(10)(A).

24                   (B) Section 2204(a).

25                   (C) Section 2204(b).

1 (D) Section 6503(d).

2 (4) Section 2011(c)(2) of such Code is amended  
3 by striking “or 6166” and inserting “, 6166, or  
4 6168”:

5 (5) The following provisions of such Code are  
6 amended by inserting “or 6168” after “6166” each  
7 place it appears:

8 (A) Section 2204(c).

9 (B) Section 6601(j) (except the second  
10 sentence of paragraph (1)).

11 (C) Section 7481(d).

12 (6) Section 6161(a)(2) of such Code is  
13 amended—

14 (A) in subparagraph (A), by striking “or”  
15 at the end,

16 (B) in subparagraph (B), by adding “or”  
17 at the end,

18 (C) in the matter following subparagraph

19 (B)—

20 (i) by striking “subparagraph (B)”  
21 and inserting “subparagraph (B) or (C)”,  
22 and

23 (ii) by inserting “or payment” after  
24 “installment”, and

1 (D) by inserting after subparagraph (B)  
 2 the following:

3 “(C) any part of the payment determined  
 4 under section 6168,”.

5 (7) Section 6324A of such Code is amended—

6 (A) by adding at the end the following:

7 “(f) APPLICATION OF SECTION TO DEFERRED TAX  
 8 UNDER SECTION 6168.—Rules similar to the rules of this  
 9 section shall apply to the amount of tax and interest de-  
 10 ferred under section 6168 (determined as of the date pre-  
 11 scribed by section 6151(a) for payment of the tax imposed  
 12 by chapter 11).”, and

13 (B) in the title, by striking “**ESTATE TAX**  
 14 **DEFERRED UNDER SECTION 6166**” and in-  
 15 serting “**DEFERRED ESTATE TAX**”.

16 (8) The table of sections for subchapter B of  
 17 chapter 62 of such Code is amended by adding at  
 18 the end the following:

“Sec. 6168. Extension of time for payment of estate tax on certain timber  
 stands.”.

19 (9) The item relating to section 6324A in the  
 20 table of sections for subchapter C of chapter 64 of  
 21 such Code is amended by striking “estate tax de-  
 22 ferred under section 6166” and inserting “deferred  
 23 estate tax”.

1       (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to estates of decedents dying after  
3 the date of enactment of this Act.

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